

## Message Text

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PAGE 01 BRUSSE 11739 01 OF 02 141548Z  
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08  
EA-12 FRB-01 INR-10 IO-14 NEA-11 NSAE-00 ICA-20  
OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00  
OMB-01 SS-15 MMO-01 NSC-05 STR-07 /137 W  
-----054173 141732Z /75

R 141541Z JUN 78  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC 7260  
INFO AMEMBASSY THE HAGUE  
AMEMBASSY LUXEMBOURG

UNCLAS SECTION 01 OF 02 BRUSSELS 11739

E.O. 11652:N/A  
TAGS: OECD, EFIN, ETRD, ELAB, BE  
SUBJ: BELGIAN ECONOMIC INDICATORS: MAY/JUNE 1978

1. SUMMARY OF TRENDS. THE BELGIAN ECONOMIC SITUATION CONTINUES TO BE MARKED BY SLOW BUT UNCERTAIN IMPROVEMENT. WHILE STILL BELOW LEVELS EARLY LAST YEAR, INDUSTRIAL PRODUCTION HAS INCREASED SINCE LATE 1977, THANKS MAINLY TO A MODERATE GROWTH IN STEEL AND IN CERTAIN BASE METALS. THIS MODEST TREND SHOULD CONTINUE THROUGH THE SECOND HALF OF THE YEAR BUT A SIGNIFICANT PICK-UP OF BUSINESS ACTIVITY APPEARS DOUBTFUL. THE NATIONAL BANKS "SYNTHETIC CURVE" HAS WOBBLED IN RECENT MONTHS, ALTHOUGH GENERALLY STILL RISING. EXPORTS REMAIN STAGNANT AND, INTERNAL DEMAND IS ALMOST FLAT. THE GOVERNMENT HAS UNOFFICIALLY LOWERED ITS REAL GNP GROWTH EXPECTATIONS FOR THIS YEAR FROM 3.4 TO 2.5 PERCENT (AT BEST).

2. CONSUMER PRICES AND INTEREST RATES ARE NOW DOWN AT THEIR LOWEST LEVELS IN SEVERAL YEARS. THERE ARE INDICATIONS, HOWEVER, THAT PRICES AND INTEREST RATES MAY HAVE BOTTOMED OUT - WHICH WOULD STILL LEAVE BELGIUM AT SOME  
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DISADVANTAGE IN COMPETING WITH THE GERMANS AND THE DUTCH FOR INVESTMENT AND EXPORT MARKETS. GROWTH IN WAGES CONTINUES MODERATE BUT STILL ABOVE THE INFLATION RATE. UNIT LABOR COSTS ARE LIKELY TO ACCELERATE SOMEWHAT LATE THIS YEAR AND NEXT AS THE EFFECTS OF THE REDUCED WORK WEEK, NOW BEING WIDELY INTRODUCED IN BELGIUM, BEGIN TO BE FELT. UNEMPLOYMENT HAS DROPPED SOMEWHAT IN RECENT WEEKS

THANKS MAINLY TO FIRST EFFECTS OF THE "SPITAELS PLAN", BUT  
 WILL PROBABLY REMAIN ABOVE SEVEN PERCENT FOR THE YEAR.  
 THE CURRENT BUDGET DEFICIT REMAINS A MAJOR PREOCCUPATION,  
 WITH THE GAP WIDENING BY OVER 10 PERCENT IN THE FIRST  
 QUARTER COMPARED WITH THE SAME PERIOD LAST YEAR.

### 3. ECONOMIC INDICATORS:

ITEM	FIGURES	12-MO CHANGE	PERIOD
	()		
INDICES			

INDUSTRIAL PRODUCTION			
(INCLUDING CONSTRUCTION)	110.1(1)	1.9	1/78
	103.2	-3.9	2/78
	124.5	-6.2	3/78

INDUSTRIAL PRODUCTION			
(EXCLUDING CONSTRUCTION)	119.3(1)	1.6	1/78
	117.5	0.7	2/78
	130.0	-7.5	3/78

RETAIL SALES VALUE	283	3.6	1/78
	280	1.0	2/78

CONSUMER PRICE INDEX	126.8	5.3	4/78
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	127.0	4.4	5/78
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WHOLESALE PRICE INDEX	182.9	-5.8	3/78
	183.7	-6.2	4/78

WHOLESALE PRICE INDEX-			
FINISHED INDUSTRIAL GOODS	145.9	0.6	3/78
	146.3	0.7	4/78

"SYNTHETIC CURVE" OF			
BUSINESS EXPECTATIONS OF	82.99		3/78
FUTURE ACTIVITY	83.63		4/78

GROSS HOURLY WAGE IN			
INDUSTRY (PER HOUR)	274	8.7	3/31/78

TOTAL UNEMPLOYED	282.1		5/15/78
(1000'S)			

TOTAL LABOR FORCE			
(PERCENT UNEMPLOYED)	7.0		5/15/78

(1)REVISION

MONTHLY STEEL PRODUCTION 1,104 2.1 4/78  
(1000 MT)

DELIVERIES METAL  
PRODUCTION (BILLION BF) 53,993 1.4 12/77

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OMB-01 SS-15 MMO-01 NSC-05 STR-07 /137 W  
-----054269 141732Z /75

R 141541Z JUN 78  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC 7261  
INFO AMEMBASSY THE HAGUE  
AMEMBASSY LUXEMBOURG

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MONEY SUPPLY (M1)  
(BILLION BF) 731.9(1) 6.8 1/78  
733.6 8.9 2/78

MONEY SUPPLY (M2)  
(BILLION BF) 709.9(1) 1.8 1/78  
701.7 1.3 2/78

MONTHLY OPERATING  
BUDGET EXP. (BILLION BF) 98,3 2/78  
86,3 3/78

MONTHLY OPERATING  
BUDGET REVENUES (BILLION BF) 55,7 2/78  
56,8 3/78

MONTHLY OPERATING DEFICIT  
SURPLUS (BILLION BF) -42.6 2/78  
-29.5 3/78

MONTHLY EXPORT VALUE

(BILLION BF) 100.8 -6.6 2/78  
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124.7 -3.3 3/78

MONTHLY IMPORTS VALUE

(BILLION BF) 114.8 4.8 2/78  
128.7 -7.5 3/78

MONTHLY EXPORTS VOLUME

(MILLION MT) 5.4 -0.9 2/78  
7.0 -5.3 3/78

MONTHLY IMPORTS VOLUME

(MILLION MT) 10.3 -9.0 2/78  
13.3 9.9 3/78

- (1)REVISION

MONTHLY EXPORTS VALUE

TO U.S. (BILLION BF) 4.3 2.3 2/78  
4.8 -4.1 3/78

MONTHLY EXPORTS VOLUME

TO U.S. (MILLION MT) 14.8 2.3 2/78  
18.3 -14.0 3/78

MONTHLY IMPORTS VALUE

FROM U.S. (BILLION BF) 6.2 -1.8 2/78  
7.3 -0.2 3/78

MONTHLY IMPORTS VOLUME

FROM U.S. (MILLION MT) 3.9 -4.7 2/78  
3.1 -7.1 3/78

CURRENT ACCOUNT

(BILLION BF) -1.1 2/28/78  
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FOREX RESERVES (CURRENCIES) 110.6 6/5/78  
(BILLION BF)

CALL MONEY RATE (PERCENT) 4.04 4/78  
3.63 5/78

3-MONTH TREASURY BILL

(PERCENT) 5.60 5/30/78

LONG-TERM GOVERNMENT BOND

YIELD (-) (6-MONTH) 6.00 5/9/78

OFFICIAL RATE OF \$ 31.78 4/78

CHAMBERS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC TRENDS, RETAIL PRICE INDEXES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BRUSSE11739  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780248-0972  
**Format:** TEL  
**From:** BRUSSELS  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1978/newtext/t19780662/aaaachjp.tel  
**Line Count:** 233  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
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**Message ID:** a9aabc89-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
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**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
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**Review Content Flags:**  
**Review Date:** 29 mar 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2364123  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** BELGIAN ECONOMIC INDICATORS: MAY/JUNE 1978  
**TAGS:** EFIN, ETRD, ELAB, BE, OECD  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/a9aabc89-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
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**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014